

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 579

To amend the Internal Revenue Code of 1986 to provide that the disallowance of deductions for personal interest shall not apply to interest on loans used to buy highway vehicles.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 26, 1993

Mr. CARR introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide that the disallowance of deductions for personal interest shall not apply to interest on loans used to buy highway vehicles.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. DEDUCTION FOR INTEREST ON LOANS FOR**  
4 **CERTAIN HIGHWAY VEHICLES.**

5 (a) IN GENERAL.—Paragraph (2) of section 163(h)  
6 of the Internal Revenue Code of 1986 (relating to dis-  
7 allowance of deduction for personal interest) is amended  
8 by striking “and” at the end of subparagraph (D), by re-

1 designating subparagraph (E) as subparagraph (F), and  
2 by inserting after subparagraph (D) the following new  
3 subparagraph:

4           “(E) any qualified vehicle interest (as de-  
5           fined in paragraph (5)), and”.

6           (b) QUALIFIED VEHICLE INTEREST.—Section 163(h)  
7 of such Code is amended by redesignating paragraph (5)  
8 as paragraph (6) and by inserting after paragraph (4) the  
9 following new paragraph:

10           “(5) QUALIFIED VEHICLE INTEREST DE-  
11           FINED.—

12           “(A) IN GENERAL.—For purposes of para-  
13           graph (2)(E), the term ‘qualified vehicle inter-  
14           est’ means any interest on indebtedness secured  
15           by qualified vehicle which is incurred in acquir-  
16           ing such vehicle.

17           “(B) QUALIFIED VEHICLE.—

18           “(i) IN GENERAL.—For purposes of  
19           this paragraph, the term ‘qualified vehicle’  
20           means any 4-wheeled vehicle propelled by  
21           fuel if—

22           “(I) such vehicle is manufactured  
23           primarily for use on public streets,  
24           roads, and highways (except any vehi-

1                   cle operated exclusively on a rail or  
2                   rails),

3                   “(II) such vehicle is of a model  
4                   year not earlier than the second model  
5                   year preceding the model year during  
6                   which the vehicle is purchased by the  
7                   taxpayer, and

8                   “(III) such vehicle is designated  
9                   by the taxpayer for purposes of this  
10                  paragraph.

11                  “(ii) LIMITATION ON NUMBER OF VE-  
12                  HICLES WHICH MAY BE DESIGNATED.—A  
13                  vehicle may be designated under clause  
14                  (i)(III) only if such a designation by the  
15                  taxpayer is not in effect with respect to—

16                   “(I) any other vehicle, or

17                   “(II) in the case of a joint re-  
18                  turn, more than 1 other vehicle.

19                  “(C) REDUCTION OF INTEREST DEDUC-  
20                  TION FOR VEHICLES COSTING MORE THAN  
21                  \$20,000.—If the purchase price of the des-  
22                  ignated vehicle exceeds \$20,000, the amount  
23                  which would (but for this subparagraph) be  
24                  treated as qualified vehicle interest for any tax-  
25                  able year with respect to indebtedness secured

1           by such vehicle shall be reduced by the amount  
2           which bears the same ratio to such interest for  
3           such year as such excess bears to the purchase  
4           price of the vehicle.”

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to vehicles purchased after Janu-  
7 ary 26, 1993.

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